



**ORDER NUMBER
G-54-21**

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Stargas Utilities Ltd.
Natural Gas Purchase Plan and Commodity Rate Application
Effective November 1, 2020

BEFORE:

C. M. Brewer, Panel Chair
K. A. Keilty, Commissioner
B. A. Magnan, Commissioner

on February 25, 2021

ORDER

WHEREAS:

- A. On September 15, 2020, Stargas Utilities Ltd. (Stargas) filed an application under sections 71 and 61(4) of the *Utilities Commission Act* (UCA) to the British Columbia Utilities Commission (BCUC) seeking approval of its natural gas purchase plan for the contract year from November 1, 2020 to October 31, 2021 and approval to increase the commodity rate from \$3.98 per gigajoule (GJ) to \$7.48 per GJ, or approximately 88 percent, effective November 1, 2020 (Application);
- B. On October 21, 2020, Stargas filed an updated application with the BCUC seeking approval to increase the commodity rate from \$3.98 per GJ to \$7.87 per GJ or approximately 98 percent, effective November 1, 2020, based on updated forecast gas cost as on October 20, 2020;
- C. On December 15, 2020, Stargas filed further updates to its Application with the BCUC on a confidential basis, and subsequently filed a redacted version January 25, 2021, seeking approval to increase the commodity rate to \$7.06 per GJ effective November 1, 2020, based on updated forecast gas cost as on December 3, 2020;
- D. By Order G-271-20 dated October 27, 2020, the BCUC set an interim commodity rate of \$3.98 per GJ on an interim and refundable basis, effective November 1, 2020;
- E. By Orders G-271-20, G-321-20, G-329-20 and G-10-21, the BCUC established and furthered a written hearing process and regulatory timetable to review the Application. The timetable included intervenor registration, two rounds of BCUC and intervenor information requests (IRs), final arguments and reply;

- F. In response to BCUC IR No. 1, Stargas indicated that it had executed an agreement with FortisBC Energy Inc. (FEI) that provides for the sale of Stargas' regulatory assets and operations to FEI (Asset Purchase Agreement), subject to BCUC approval;
- G. On February 24, 2021, Stargas requested an extension to the filing deadline for its final argument to a date five business days following the termination of the Asset Purchase Agreement, on the basis that if the Asset Purchase Agreement is approved, the unrecovered gas costs will have been addressed in that application; and
- H. The BCUC has reviewed Stargas' request and determines that an amendment to the regulatory timetable is not warranted.

NOW THEREFORE the BCUC denies Stargas' request for an extension to the filing deadline for its final argument.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of February 2021.

BY ORDER

Original signed by:

C. M. Brewer
Commissioner

Stargas Utilities Ltd.
Natural Gas Purchase Plan and Commodity Rate Application

REASONS FOR DECISION

1.0 Introduction

On February 24, 2021, Stargas Utilities Ltd. (Stargas) filed a submission with the British Columbia Utilities Commission (BCUC) requesting an extension to the filing deadline for its final argument (Extension Request) in the Natural Gas Purchase Plan and Commodity Rate Proceeding (Commodity Rate Proceeding).

In the Extension Request, Stargas submits that it filed an application jointly with FortisBC Energy Inc. (FEI) for approval of the Asset Purchase Agreement (Asset Purchase Agreement Application) with the BCUC on February 19, 2020, which contemplates the sale of its regulatory assets and operations to FEI. Stargas requests an extension to the filing deadline for its final argument in the Commodity Rate Proceeding to a date five business days following the termination of the Asset Purchase Agreement.

Stargas submits that the Asset Purchase Agreement Application proposes to recover Stargas's gas cost variance account (GCVA) deficit by recording the amount in FEI's Commodity Cost Reconciliation Account (CCRA). Stargas submits that if the Asset Purchase Agreement Application is approved by the BCUC, the unrecovered gas costs currently under consideration in this proceeding will have been addressed.

By Order G-54-21, dated February 25, 2021, the BCUC denied Stargas's Extension Request. On February 26, 2021 Stargas submitted a request for the underlying rationale in BCUC Order G-54-21. The reasons for Order G-54-21 follow.

2.0 Background

On September 15, 2020, Stargas applied to the BCUC for approval of the following:

- a natural gas purchase plan for the contract year from November 1, 2020 to October 31, 2021; and
- to increase the commodity rate Stargas charges its customers from \$3.98 per gigajoule (GJ) to \$7.48 per GJ, or approximately 88 percent, effective November 1, 2020.

On October 21, 2020, Stargas filed an updated application with the BCUC seeking approval to increase the commodity rate from \$3.98 per GJ to \$7.87 per GJ, or approximately 98 percent, effective November 1, 2020 (Updated Application), based on updated forecast gas cost as on October 20, 2020.

On December 15, 2020, Stargas filed further updates to its Application with the BCUC on a confidential basis and subsequently filed a redacted version January 25, 2021, seeking approval to increase the commodity rate to \$7.06 per GJ effective November 1, 2020, based on updated forecast gas cost as on December 3, 2020.

By Order G-271-20 dated October 27, 2020, the BCUC set an interim commodity rate of \$3.98 per GJ on an interim and refundable basis, effective November 1, 2020.

By Orders G-271-20¹, G-321-20², G-329-20³ and G-10-21⁴, the BCUC established and furthered a written hearing process and regulatory timetable to review the Application. The timetable included intervenor registration, two rounds of BCUC and intervenor information requests (IRs), final arguments and reply. Based on the regulatory timetable set out by Order G-10-21, Stargas's written final arguments were due to be filed on or before February 18, 2021.

In responses to BCUC IR No. 1 on December 15, 2020, Stargas indicated that it had executed an agreement with FEI that provides for the sale of Stargas's regulatory assets and operations to FEI (Asset Purchase Agreement), subject to BCUC approval.

3.0 BCUC Determination

In the Panel's view, Granting Stargas's extension request would result in the interim commodity rate of \$3.98 per GJ, set by order G-271-20, remaining in effect pending the resolution of the Asset Purchase Agreement proceeding. Even if the treatment proposed in the Asset Purchase Agreement Application is accepted, a BCUC determination of the amount in the Stargas GCVA and any under-recovered gas costs associated with setting a permanent rate will be required to set the amount to be recorded in FEI's CCRA. The Panel considers this proceeding to be the appropriate place to set a permanent rate and determine unrecovered gas costs.

Additionally, in accordance with the BCUC Rules for Natural Gas Supply Contracts and pursuant to section 71 of the *Utilities Commission Act*, Stargas has submitted its annual gas contracting plan for acceptance by the BCUC. Acceptance of the annual gas plan is required to set gas costs. The Panel considers this proceeding to be the appropriate place for such a determination.

Lastly, for any extension request to be approved, the requesting party must provide a proper justification for granting an extension. The regulatory timetable in this proceeding provided Stargas with an opportunity to make a final argument submission on February 18, 2021. Stargas did not file a final argument and only filed a request for an extension on February 24, 2021. For the reasons noted above, the Panel does not consider the filing of an Asset Purchase Agreement Application to be sufficient grounds for granting an extension or delaying the proceeding. The Panel considers that the issues brought before it in the Application must be adjudicated and that further delays to the regulatory timetable are not necessary nor in the public interest.

In consideration of the above, the Panel has reviewed Stargas's request and determines that an amendment to the regulatory timetable is not warranted.

DATED at the City of Vancouver, in the Province of British Columbia, this 2nd day of March 2021.

Original signed by:

C. M. Brewer
Panel Chair/Commissioner

¹ BCUC Order G-271-20, dated October 27, 2020.

² BCUC Order G-321-20, dated December 8, 2020.

³ BCUC Order G-329-20, dated December 11, 2020.

⁴ BCUC Order G-10-21, dated January 12, 2021.